**CERTIFIED TREASURY PROFESSIONALS**

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**Operational Risk Management: Price / Yield range setting in e-Kuber**

RBI/2022-23/163
IDMD.No.S2800/08.02.032/2022-23

January 11, 2023

All participants in the Government Securities Market

Dear Sir / Madam

**Operational Risk Management: Price / Yield range setting in e-Kuber**

Please refer to our [circular IDMD/1615/08.02.032/2019-20 dated December 12, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11753&Mode=0) advising the participants in the Government Securities (G-Sec) market about the “Price / Yield range setting” facility provided on the e-Kuber platform as a risk management measure. The facility allows a market participant to define a range i.e., a maximum and a minimum value for bids they intend to submit in an auction. The range can be set in either price or yield terms, for each security in every auction, which can be set before the auction and can also be modified during the auction. Once the limits are set by the participating entity, the bids in the auction are automatically validated against the set limits. This is expected to eliminate instances of Fat-finger / Big-figure error by the bidders in the G-Sec auctions.

2. As there have been a few instances of Fat-finger / Big-figure error by the bidders in the G-Sec auctions conducted by Reserve Bank, it suggests that some of the market participants are yet to put in place the “Price / Yield range setting” facility in their system.

3. All the market participants are, therefore, advised to utilize the “Price / Yield range setting” facility provided on the e-Kuber platform before placing bids in the Primary Market auctions. It may be noted that no request for cancellation of bids will be entertained after the close of auction window.

Yours faithfully

(S Venkataraman)
General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12436&Mode=0>

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

RBI/2022-23/169
FMRD.FMID.No.07/14.01.006/2022-23

January 23, 2023

To

All participants in Government Securities market

Madam/Sir,

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

A reference is invited to the [Press Release on Issuance Calendar for Marketable Sovereign Green Bonds: FY 2022-23 dated January 06, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55004), issued by the Reserve Bank, notifying the issuance calendar for Sovereign Green Bonds for the fiscal year 2022-23. Attention is also invited to the Fully Accessible Route (FAR) introduced by the Reserve Bank, vide [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0), wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.

2. The Government Securities that were eligible for investment under the FAR (‘specified securities’) were notified by the Bank, vide [circular no. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11850&Mode=0) and [circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12354&Mode=0).

3. It has now been decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2022-23 as ‘specified securities’ under the FAR.

4. The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.

5. These Directions shall be applicable with immediate effect.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12444&Mode=0>

**Governance, measurement and management of Interest Rate Risk in Banking Book**

RBI/2022-23/180
DOR.MRG.REC.102/00-00-009/2022-23

February 17, 2023

Madam / Sir,

**Governance, measurement and management of Interest Rate Risk in Banking Book**

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to banks’ capital and earnings arising from adverse movements in interest rates that affect its banking book positions. Excessive IRRBB can pose a significant risk to banks’ current capital base and/or future earnings. These guidelines, accordingly, require banks to measure, monitor, and disclose their exposure to IRRBB.

2. The final guidelines on Interest Rate Risk in Banking Book (IRRBB), in alignment with the revised framework issued by the Basel Committee on Banking Supervision (BCBS), are enclosed in [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12456&Mode=0#AS).

**3. Commencement**

(a) The date for implementation will be communicated in due course. Banks are advised to be in preparedness for measuring, monitoring, and disclosing their exposure to interest rate risk in the banking book in terms of this circular.

(b) Ahead of the implementation, banks shall submit the disclosures stipulated in Table B of [Appendix-3](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GMMIRRAPP_3.pdf) to the Department of Regulation, Reserve Bank of India (by e-mail: mrgdor@rbi.org.in) within two months from the end of the respective quarter, as per following schedule:

|  |  |  |
| --- | --- | --- |
| **Entities** | **Frequency** | **Return to be submitted from the quarter ended** |
| D-SIBs | Quarterly | March 2023 |
| Other Banks | Quarterly | June 2023 |

4. It may be noted that the extant instructions on interest rate risk management issued vide [circular DBOD.No.BP.BC.8/21.04.098/99 dated February 10, 1999](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=3805&Mode=0) on ‘Asset Liability Management (ALM) system’ which require banks to undertake Traditional Gap Analysis and [circular DBOD.No.BP.BC.59/21.04.098/2010-11 dated November 04, 2010](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=6081&Mode=0) on ‘Guidelines on Banks’ Asset Liability Management Framework - Interest Rate Risk’ which require banks to undertake Duration Gap Analysis, shall be phased out post implementation of these guidelines, the details of which shall be advised in due course.

**Applicability**

5. This circular is applicable to all commercial banks (other than Regional Rural Banks, Small Finance Banks, Payments Banks and Local Area Banks).

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12456&Mode=0>

**Master Direction – Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks) Directions, 2023**

RBI/2023-24/96
DOR.MRG.REC.01/00-00-011/2023-24

April 1, 2023

All Primary (Urban) Co-operative Banks

Madam / Sir,

**Master Direction – Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks) Directions, 2023**

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives to the banks on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Primary (Urban) Co-operative Banks (UCBs).

2. To enable UCBs to have current instructions at one place, a [Master Direction](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12473&Mode=0#MD) incorporating all the existing guidelines / instructions / directives on the subject has been prepared for reference of the banks.

3. This Direction has been issued by RBI in exercise of its powers conferred under Section 35A of the Banking Regulation Act 1949 read with Section 56 thereof, and of all the powers enabling it in this behalf.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12473&Mode=0>

**LIBOR Transition**

RBI/2023-24/30
CO.FMRD.DIRD.01/14.02.001/2023-24

May 12, 2023

To

The Chief Executive Officer/ Chairman/Managing Director,
All Commercial and Co-operative Banks / All India Financial Institutions /
Non-Banking Financial Companies including Housing Finance Companies and
Standalone Primary Dealers

Madam / Dear Sir

**LIBOR Transition**

Attention of banks/financial institutions (FIs) is drawn to the Reserve Bank advisory on [“Roadmap for LIBOR Transition” dated July 08, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12128&Mode=0) wherein banks/FIs, inter-alia, were (i) encouraged to cease, and also encourage their customers to cease, entering into new financial contracts that reference London Interbank Offered Rate (LIBOR) as a benchmark and instead use any widely accepted Alternative Reference Rate (ARR), as soon as practicable and in any case by December 31, 2021 and (ii) urged to incorporate robust fallback clauses in all financial contracts that reference LIBOR and the maturity of which was after the announced cessation date of the LIBOR settings.

2. With the concerted efforts of banks/FIs as well as industry associations like the Indian Banks’ Association, a smooth transition with respect to LIBOR settings that have ceased to be published/become non-representative after December 31, 2021 has been achieved. The transition away from LIBOR was also facilitated by the continuing publication of US$ LIBOR settings in five tenors which provided a longer transition period particularly for the insertion of the fallback clauses in legacy financial contracts that reference LIBOR. New transactions are now predominantly undertaken using ARRs such as the Secured Overnight Financing Rate (SOFR) and the Modified Mumbai Interbank Forward Outright Rate (MMIFOR). At the same time, there have been instances of a few US$ LIBOR linked financial contracts undertaken/facilitated by banks/FIs after January 1, 2022. Also, while banks have reported that substantial progress has been made towards insertion of fallback clauses, the process is yet to be completed for all contracts where such fallbacks are required to be inserted.

3. After June 30, 2023, the publication of the remaining five US$ LIBOR settings will cease permanently. While certain synthetic LIBOR settings will continue to be published after June 30, 2023, the Financial Conduct Authority (FCA), UK, which regulates the LIBOR, has made it clear that these settings are not meant to be used in new financial contracts. The MIFOR, a domestic interest rate benchmark reliant on US$ LIBOR, will also cease to be published by Financial Benchmarks India Pvt. Ltd. (FBIL) after June 30, 2023.

Yours sincerely,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12503&Mode=0>

**Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)**

RBI/2023-24/36
A. P. (DIR Series) Circular No. 05

June 06, 2023

All Authorised Dealer Category – I Banks

Madam / Sir,

**Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)**

Please refer to Paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) announced as a part of the [first Bi-monthly Monetary Policy Statement for 2023-24 dated April 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472) regarding development of the onshore non-deliverable derivative market. Attention of Authorised Dealers Category – I (AD Cat-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA.25/RB-2000 dated May 3, 2000](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=179&Mode=0)), as amended from time to time, and [Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time.

2. As per the extant regulatory framework, AD Cat-I banks operating International Financial Services Centre (IFSC) Banking Units (IBUs) are permitted to offer non-deliverable derivative contracts (NDDCs) to persons resident outside India. Such derivatives are cash-settled in foreign currency. With a view to developing the onshore INR NDDC market and providing residents the flexibility to efficiently design their hedging programmes, it has been decided to permit:

(a) AD Cat-I banks operating IBUs to offer NDDCs involving INR to resident non-retail users for the purpose of hedging. Such transactions shall be cash settled in INR; and

(b) The flexibility of cash settlement of NDDCs transactions between two AD Cat-I banks, and between an AD Cat-I bank and a person resident outside India in INR or any foreign currency.

3. Accordingly, the amendments being made to the [Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time, are placed at [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12509&Mode=0#AS) herewith.

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12509&Mode=0>

**Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review**

RBI/2023-24/38
FMRD.DIRD.02/14.01.001/2023-24

June 08, 2023

To

All Eligible Market Participants

Madam / Sir

**Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review**

Please refer to Paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55815), announced as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated June 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55814), regarding Borrowing in Call and Notice Money Markets by Scheduled Commercial Banks. Attention is also invited to the [Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 dated April 01, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061), as amended from time to time (hereinafter referred as ‘Master Direction’).

2. On a review, it has been decided that henceforth, Scheduled Commercial Banks (excluding small finance banks and payment banks) may set their own limits for borrowing in Call and Notice Money Markets. As in the case of Term Money Market borrowing, Scheduled Commercial Banks shall put in place internal board approved limits for borrowing through Call and Notice Money Markets within the prudential limits for inter-bank liabilities prescribed by Department of Regulation.

3. The instruction shall be applicable with immediate effect. The [Master Direction](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061) has been accordingly updated.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12511&Mode=0>

**Status of MIFOR as a Significant Benchmark**

RBI/2023-24/46
FMRD.FMSD.03/03.07.25/2023-24

June 23, 2023

To

All the Financial Benchmark Administrators

Madam/Sir

**Status of MIFOR as a Significant Benchmark**

Please refer to the [RBI circular dated January 01, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11777&Mode=0) and [December 01, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12414&Mode=0), notifying, inter-alia, the financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) viz., Mumbai Interbank Forward Outright Rate (MIFOR) and Modified Mumbai Interbank Forward Outright Rate (MMIFOR) as ‘significant benchmark’.

2. In light of the cessation of the publication/non-representativeness of US Dollar London Interbank Offered Rate (USD LIBOR) settings after June 30, 2023, FBIL has been accorded approval to cease the publication of the MIFOR after June 30, 2023, in terms of provisions of the [Financial Benchmark Administrators (Reserve Bank) Directions, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11601&Mode=0). Accordingly, the MIFOR administered by FBIL shall cease to be a ‘significant benchmark’ after June 30, 2023.

3. The updated list of ‘significant benchmarks’ administered by FBIL is given below:

(i) Overnight Mumbai Interbank Outright Rate (MIBOR)

(ii) USD/INR Reference Rate

(iii) Treasury Bill Rates

(iv) Valuation of Government Securities

(v) Valuation of State Development Loans (SDL)

(vi) Modified Mumbai Interbank Forward Outright Rate (MMIFOR)

4. The updated list of ‘significant benchmarks’ shall come into effect from July 01, 2023.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12519&Mode=0>